

V Accounting for Loan Disbursements

This chapter provides a uniform procedure for agencies that disburse loans. The procedures apply to agencies that have Working Capital advances, loans to private entities, loans to individuals or loans to other governmental agencies. Bond Fund loans are discussed in Volume 3, Chapter III.

GENERAL LEDGER ACCOUNTS USED

The following is a discussion of the General Ledger Accounts (GLAs) used in Loan Accounting. For a full description of all of the General Ledger Accounts used, refer to Volume 1, Chapter V.)

GLA 1314-Accounts Receivable-Operating Revenue - Used to record the amount of interest due on the loan principal.

GLA 1330-Accounts Receivable Loans - Used to record billings of current Loan Principal due for loans recorded in GLA 2110, Loans Receivable. GLA 1330 requires a subsidiary account number to help identify the purpose of the loan. This number must be the same as established for GLA 2110.

GLA 1500-Due from Other Governments - Used to record billings of current Loan Principal due for loans recorded in GLA 2140, Loans to Other Governments. Subsidiary numbers are required, per the Uniform Codes Manual.

GLA 21nn-Loans Receivable or Loans to Other Governments - Used throughout this chapter to represent either GLA 2110-Loans Receivable or GLA 2140-Loans to Other Governments. The accounting events require that one of these GLAs be input on each transaction. It also requires a Subsidiary code. The Subsidiary code must be the lower level GLA as shown in Volume 1, Chapter V.

GLA 9844-Loan Principal Disbursement - GLA 9844 is part of the 98nn series of general ledgers, "Other Financial Sources/Uses". It is classified as a non-expenditure disbursement for recording loan disbursement transactions in lieu of GLA 9000-Expenditures.

ACCOUNTING EVENTS

Listed in Exhibit V-1 are the typical loan accounting events and corresponding CALSTARS transaction codes. Exhibit V-2 displays these accounting events in the T-Account format.

EXHIBIT V-1
LOAN ACCOUNTING EVENTS

	Record a formal loan commitment:	
1	Record an original encumbrance: TC 211 - Record an Original Encumbrance Dr. 6150 Encumbrances Cr. 6155 Encumbrances-Offset	When a loan commitment is made, the agency should treat it as if it were an encumbrance.
	Record a Loan through a Claim Schedule, loan commitment previously encumbered:	
2	TC L53 - Auto Sched Loan 2110/2140-Prev Encumbered OR TC L54 - Manual Sched Loan 2110/2140-Prev Encumbered Dr. 21nn Loans Receivable/Loans to Other Govts Cr. 5380 Reserve for Non-current Loans Receivable Dr. 9844 Loan Principal Disbursement Cr. 3021 Claims in Process Dr. 6155 Encumbrances-Offset Cr. 5150 Encumbrances	GLA 2110 or 2140 requires a Subsidiary code. The Object Detail code is 626 or 731 . An automated TC 360 transaction for Claims Filed is generated but not shown here in the interest of clarity.
	Record a Loan disbursed through a Claim Schedule, not previously encumbered:	
3	TC L51 - Auto Sched Loan 2110/2140-Not Encumbered OR TC L52 - Manual Sched Loan 2110/2140-Not Encumbered Dr. 21nn Loans Receivable/Loans to Other Govts Cr. 5380 Reserve for Non-current Loans Receivable Dr. 9844 Loan Principal Disbursement Cr. 3021 Claims in Process	GLA 2110 or 2140 requires a Subsidiary code. The Object Detail code is 626 or 731 . An automated TC 360 transaction for Claims Filed is generated but not shown here in the interest of clarity.
	Record a Loan disbursed to a Local or other governmental agency through a Controller's Transfer:	
4	<u>Loan not encumbered:</u> (A) TC L58 - SCO Disbursement of Loan 2110/2140-Not Encumb Dr. 21nn Loans Receivable/Loans to Other Govts Cr. 5380 Reserve for Non-current Loans Receivable Dr. 9844 Loan Principal Disbursement Cr. 1140 Cash in State Treasury OR <u>Loan encumbered:</u> (B) TC L59 - SCO Disbursemnt of Loan 2110/2140-Prev Encumb Dr. 21nn Loans Receivable/Loans to Other Govts Cr. 5380 Reserve for Non-current Loans Receivable Dr. 9844 Loan Principal Disbursement Cr. 1140 Cash in State Treasury Dr. 6155 Encumbrances-Offset Cr. 5150 Encumbrances	

EXHIBIT V-1 (Continued)
LOAN ACCOUNTING EVENTS

	Record SCO Claim Correction:	
5	Record SCO claim correction: TC L56 - Claim Correct Loan Disbursements 2110/2140 Dr. 5380 Reserve for Non-current Loans Receivable Cr. 21nn Loans Receivable/Loans to Other Govts Dr. 1140 Cash in State Treasury Cr. 9844 Loan Principal Disbursement	If the loan commitment was encumbered, the agency may re-encumber or record an adjustment to increase the encumbrance. GLA 2110 or 2140 requires a Subsidiary code. Object Detail code is 626 or 731 . An automated TC 361 transaction for Adjusted Claims Filed is generated. (Not shown.)
	Agency invoices current principal amount due:	
6	<p>If invoice is to a non-governmental entity or an individual:</p> <p>(A) TC L41 - Bill Current Amount of Loan Principal 2110 Dr. 1330 Accounts Receivable - Loans Cr. 9830 Other Sources Dr. 5380 Reserve for Non-current Loans Receivable Cr. 2110 Loans Receivable</p> <p>OR</p> <p>If invoice is to a governmental agency:</p> <p>(B) TC L42 Bill Current Amount of Loan Principal 2140 Dr. 1500 Due From Other Governments Cr. 9830 Other Sources</p> <p>AND</p> <p>(C) TC L43 - Adjust 2140 When Billing Current Loan Principal Dr. 5380 Reserve for Non-current Loans Receivable Cr. 2140 Loans to Other Governments</p>	A Subsidiary code is required. Source code is 530000 for entries #6A and #6B only. No Source code is necessary for #6C.
	Payment received for the principal invoiced:	
7	<p><u>Agency receives payment:</u></p> <p>(A) TC L22 - Agency Collect A/R Loans (2110 Billed) Dr. 1110 General Cash Cr. 1330 Accounts Receivable - Loans</p> <p>OR</p> <p>(B) TC L27 - Agency Collect Due from Other Govts (2140 Billed) Dr. 1110 General Cash Cr. 1500 Due From Other Governments</p> <p>OR</p> <p><u>SCO receives payment:</u></p> <p>(C) TC L24 - SCO Collect A/R Loans (2110 Billed) Dr. 1140 Cash in State Treasury Cr. 1330 Accounts Receivable - Loans</p> <p>OR</p> <p>(D) TC L28 - SCO Collect Due from Other Govts (2140 Billed) Dr. 1140 Cash in State Treasury Cr. 1500 Due From Other Governments</p>	Use Source code 530000 .

EXHIBIT V-1 (Continued)
LOAN ACCOUNTING EVENTS

Payment received for the principal amount not previously invoiced:		
8	<p><u>Agency receives payment:</u> (A) TC L21 - Agency Collect Loans Prin (2110/2140 Not Billed) Dr. 1110 General Cash Cr. 9830 Other Sources Dr. 5380 Reserve for Non-current Loans Receivable Cr. 21nn Loans Receivable/Loans to Other Governments</p> <p>OR</p> <p><u>SCO receives payment:</u> (B) TC L23 - SCO Collect Loan Principal (2110/2140 Not Billed) Dr. 1140 Cash in State Treasury Cr. 9830 Other Sources Dr. 5380 Reserve for Non-current Loans Receivable Cr. 21nn Loans Receivable/Loans to Other Governments</p>	GLA 2110 or 2140 requires a Subsidiary code. Use Source code 530000 .
Agency invoices interest due:		
9	<p><u>If invoice is to a non-governmental entity or an individual:</u> (A) TC 121 - Record Billing for A/R Operating Revenue Dr. 1314 Accounts Receivable-Operating Revenue Cr. 8000 Revenue</p> <p>OR</p> <p><u>If invoice is to a governmental entity:</u> (B) TC 128 - Record Amount Due from Other Govts as Revenue Dr. 1500 Due from Other Governments Cr. 8000 Revenue</p>	Use Source code 214100 through 214900 as appropriate, per the UCM.
Payment received for invoiced interest:		
10	<p><u>Agency receives payment:</u> (A) TC 143 - Record Cash Receipts for Operating Rev Prev Billed Dr. 1110 General Cash Cr. 1314 Accounts Receivable - Operating Revenue</p> <p>OR</p> <p>(B) TC 158 - Receipt of Amount Due from Gov'ts - Revenue Dr. 1110 General Cash Cr. 1500 Due From Other Governments</p> <p>OR</p> <p><u>SCO receives payment:</u> (C) TC 144 - Record SCO Collect A/R Operating Revenue Dr. 1140 Cash in State Treasury Cr. 1314 Accounts Receivable - Operating Revenue</p> <p>OR</p> <p>(D) TC 160 - SCO Collect Due from Other Governments-Revenue Dr. 1140 Cash in State Treasury Cr. 1500 Due From Other Governments</p>	Use Source code 214100 through 214900 as appropriate, per the UCM.

EXHIBIT V-1 (Continued)
LOAN ACCOUNTING EVENTS

	Agency accrues interest due as contingent receivable: This is recorded when there are provisions for possible loan or interest forgiveness for loans. (Applies to GLA 2110 only.) Otherwise, record Entry #9, above.	
11	Accrue interest due as contingent receivable: TC L45 - Accrue Interest as Contingent Receivable Dr. 1380 Contingent Receivables Cr. 1600 Provision for Deferred Receivables	Use Source code 214100 through 214900 as appropriate, per the UCM.
	Payment received for interest previously established as contingent receivable:	
12	<u>Agency receives payment:</u> (A) TC L25 - Agency Collect Accrued Int - Classed as Cont Recv Dr. 1110 General Cash Cr. 8000 Revenue Dr. 1600 Provision for Deferred Receivable Cr. 1380 Contingent Receivables OR <u>SCO receives payment:</u> (B) TC L26 - SCO Collect Accrued Int - Classed as Cont Receiv Dr. 1140 Cash in State Treasury Cr. 8000 Revenue Dr. 1600 Provision for Deferred Receivables Cr. 1380 Contingent Receivables	Use Source code 214100 through 214900 as appropriate, per the UCM.
	Write off loan principal:	
13	(A) TC L31 - Write Off Loan Principal (2110/2140) Dr. 5380 Reserve for Non-current Loans Receivable Cr. 21nn Loans Receivable/Loans to Other Governments AND (B) TC L32- Write off Loan Principal (Billed 2110) Dr. 9830 Other Sources Cr. 1330 Accounts Receivable - Loans OR (C) L33 Write off Loan Principal (Billed 2140) Dr. 9830 Other Sources Cr. 1500 Due from Other Governments	GLA 2110 or 2140 requires a Subsidiary code. Entry #13A is for the <u>non-current</u> portion of the loan. Entry #13B or #13C is for the <u>current</u> portion of the loan that has been invoiced.
	Write off accrued interest:	
14	Write off accrued interest: TC L35 - Write Off Accrued Interest on Loan (Cont Receivable) Dr. 1600 Provision for Deferred Receivable Cr. 1380 Contingent Receivable	Use Source code 214100 through 214900 as appropriate, per the UCM. This entry is performed ONLY if Entry #11 was recorded. Otherwise, record entry #15A or #15B.

EXHIBIT V-1 (Continued)
LOAN ACCOUNTING EVENTS

	Record debt retirement schedule adjusted for altered interest rate:	
15	<p><u>If the interest due was decreased and previously invoiced:</u> (A) TC 461 - Record Adjustment Decreasing A/R Operating Rev Dr. 8000 Revenue Cr. 1314 Accounts Receivable-Operating Revenue OR (B) TC 457 - Record Adj Decreasing Due from Other Govts-Rev Dr. 8000 Revenue Cr. 1500 Due from Other Governments OR <u>If the interest due was decreased and previously accrued as a contingent receivable:</u> (C) TC L35 - Write off Accred Interest on Loan (Cont Receivable) Dr. 1600 Provision for Deferred Receivable Cr. 1380 Contingent Receivable OR <u>If the interest due was increased and previously invoiced:</u> (D) TC 125 - Record Adjust Increasing A/R Operating Revenue Dr. 1314 Accounts Receivable-Operating Revenue Cr. 8000 Revenue OR (E) TC 454 - Record Adj Increase Due to Other Govts-Revenue Dr. 1500 Due from Other Governments Cr. 8000 Revenue OR <u>If the interest due was increased and previously accrued as a contingent receivable:</u> (F) TC L46 - Adjust Increase Accrued Interest on Loan Cont Recv Dr. 1380 Contingent Receivable Cr. 1600 Provision for Deferred Receivables</p>	Use Source code 214100 through 214900 as appropriate, per the UCM.
	Record return of loan principal: If it is determined that the loan is no longer needed by the receiving agency or the loan was for an amount larger than required, the loan principal may be returned.	
16	<p><u>Agency receives payment:</u> (A) TC L29 - Agency Collect Return of Loan Principal Dr. 5380 Reserve for Non-current loans receivable Cr. 21nn Loans receivable/Loans to Other Governments Dr. 1110 General Cash Cr. 9844 Loan Principal Disbursement OR <u>SCO receives payment:</u> (B) TC L30 - SCO Collect Return of Loan Payment Dr. 5380 Reserve for Non-current loans receivable Cr. 21nn Loans receivable/Loans to Other Governments Dr. 1140 Cash in State Treasury Cr. 9844 Loan Principal Disbursement</p>	Use Source code 580200 and Object Detail code 626 or 731 . The TC to use is based on whether the agency or the SCO receives the cash.

EXHIBIT V-1 (Continued)
LOAN ACCOUNTING EVENTS

	<u>EVENT</u>	<u>TC</u>
1	Record an Original Encumbrance	211
2	(A) or Loan Disbursed, Auto Sched, Prev Encumbered	L53
	(B) Loan Disbursed, Man Sched, Prev Encumbered	L54
3	(A) or Loan Disbursed, Auto Sched, Not Encumbered	L51
	(B) Loan Disbursed, Man Sched, Not Encumbered	L52
4	(A) or SCO Disbursed Loan, Not Encumbered	L58
	(B) SCO Disburse Loan, Prev Encumbered	L59
5	Claim Correction to Loan Disbursement	L56
6	(A) or Invoice Current Principal Amount Due (2110)	L41
	(B) and Invoice Current Principal Amount Due (2140)	L42
	(C) Adjust GL 2140 when Principal Amount Invoiced	L43
7	(A) or Agency Receives Principal Amount Invoiced	L22
	(B) or Agency Rec Prin Amt Invoiced fm Other Govts	L27
	(C) or SCO Receives Principal Amount Invoiced	L24
	(D) SCO Rec Prin Amt Invoiced from Other Govts	L28
8	(A) or Agency Receives Principal Amt Not Invoiced	L21
	(B) SCO receives Principal Amt Not Invoiced	L23
9	(A) or Agency Invoices Interest Due	121
	(B) Agency Invoices Interest Due from Other Govts	128
10	(A) or Agency Receives Interest Amt Invoiced	143
	(B) or Agency Rec Int Amt Invoiced from Other Govts	158
	(C) or SCO Receives Interest Amt Invoiced	144
	(D) SCO Rec Int Amt Invoiced from Other Govt	160
11	Agency Accrues Interest as Contingent Receivable	L45
12	(A) or Agency Receives Int Prev Ext as Cont Rec	L25
	(B) SCO Receives Int Prev Est as Cont Rec	L26
13	(A) and Write Off Loan Principal (amount not invoiced)	L31
	(B) or Write Off Loan Principal (amount invoiced)	L32
	(C) Write Off Loan Principal If Other Govts (amount invoiced)	L33
14	Write Off Accrued Interest	L35
15	(A) or Record Adjustment Decreasing A/R--Op Rev	461
	(B) or Rec Adj Due from Other Govts, Revenue	457
	(C) or Write Off Accrued Interest on Contg Recr	L35
	(D) or Record Adjustment Increasing A/R--Op Rev	125
	(E) or Rec Adj Inc Due from Other Govts, Revenue	454
	(F) Record Increase Accrued Interest on Contg Rec	L46
16	(A) or Agency Collect Return of Loan Principal	L29
	(B) SCO collect return of Loan Principal	L30

EXHIBIT V-2
T-ACCOUNTS FOR LOAN ACCOUNTING

1110 General Cash		1140 Cash in State Treasury		1314 A/R-Operating Revenue		1330 Accounts Receivable Loans		1380 Contingent Receivables	
7A	2	5	4A	9A	10A	6A	7A	11	12A
7B	3	7C	4B	15D	10C		7C	15F	12B
8A		7D			15A		13B		14
10A		8B							15C
10B		10C							
12A		10D							
16A		12B							
		16B							
1500 Due From Other Governments		1600 Provision for Deferred Receivables		21nn (2110 Loans Receivable or 2140 Loans to Other Govts		3021 Claims in Process		5380 Reserve for Non-current Loans Receivable	
6B	7B	12A	11	2A	5		2A	5	2A
9B	7D	12B	15F	2B	6A		2B	6A	2B
15E	10B	14		3A	6C		3A	8A	3A
	10D	15C		3B	8A		3B	8B	3B
	13C			4A	8B			13A	4A
	15B			4B	13A			16A	4B
					16A			16B	
					16B				
6150 Encumbrances		6155 Encumbrances - Offset		8000 Revenue		9830 Other Sources		9844 Loan Principal Disbursements	
1	2A	2A	1	15A	9A	13B	6A	2A	5
	2B	2B		15B	9B	13C	6B	2B	16A
	4B	4B			12A		8A	3A	16B
					12B		8B	3B	
					15D			4A	
					15E			4B	